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12
13 UNITED STATES DISTRICT COURT
14 DISTRICT OF NEVADA

15 MICHAEL F. REEDER,
16
17 Plaintiff,

18 v.

19 UNITED STATES OF AMERICA,
20 Defendant.

Civil No.: 3:15-cv-00129-MMD-WGC

**JOINT MOTION TO STAY ACTION
PENDING EVALUATION OF GLOBAL
SETTLEMENT OFFER BY UNITED
STATES**

21 PAMELA M. O'KEEFE, as Trustee
22 for the JORDAN GRACE REEDER
23 IRREVOCABLE TRUST,

24 Plaintiff,

25 v.

26 UNITED STATES OF AMERICA,
27 Defendant.
28

1 UNITED STATES OF AMERICA,

2 Counterclaimant,

3 v.

4 MICHAEL F. REEDER

5 Counterclaim Defendant

6 and

7
8 PAMELA M. O'KEEFE, as Trustee
9 for the JORDAN GRACE REEDER
10 IRREVOCABLE TRUST and the
11 DARBY LEIGH REEDER
12 IRREVOCABLE TRUST; BANK
OF AMERICA, N.A.; and
HERITAGE BANK OF NEVADA,

13 Additional Defendants on
14 Counterclaim.

15 COMES now Plaintiff and Counterclaim Defendant Michael F. Reeder ("Mr. Reeder"),
16 Plaintiff and Counterclaim Defendant Pamela O'Keefe ("Ms. O'Keefe"), as Trustee of the
17 Jordan Grace Reeder Irrevocable Trust ("JGR Trust") and the Darby Leigh Reeder Irrevocable
18 Trust ("DLR Trust"), and Defendant and Counterclaim Plaintiff United States of America
19 ("United States"), by and through their undersigned counsel, and submit a Joint Motion and
20 Proposed Order to stay this action until February 15, 2109 to provide additional time for the
21 United States to evaluate a global settlement offer:

22 1. This consolidated action arises out of the United States' efforts to collect excise
23 wagering taxes assessed against Mr. Reeder for unlicensed and illegal wagering activity. On
24 September 3, 2001, the Internal Revenue Service ("IRS") assessed excise taxes on wagering
25 under IRC (Title 26) § 4401 against Mr. Reeder for the monthly periods from September 1, 1993
26 to March 31, 1997.
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1 2. On April 15, 1993, Ms. O'Keefe and Mr. Reeder, husband and wife, as grantors,
2 created the JGR Trust with their eldest daughter, Jordan Grace Reeder, named as beneficiary.
3 Ms. O'Keefe was made trustee of the JGR Trust. Shortly thereafter, Ms. O'Keefe and Mr.
4 Reeder transferred their interest in their principal residence located in Glenbrook, Nevada
5 ("Glenbrook Property") to the JGR Trust. After the transfer, both Ms. O'Keefe and Mr. Reeder
6 continued to reside at the Glenbrook Property under a purported rental agreement between them
7 and the JGR Trust. On September 28, 1994, Ms. O'Keefe and Mr. Reeder, as grantors, created
8 the DLR Trust with their youngest daughter, Darby Leigh Reeder, named as beneficiary. Ms.
9 O'Keefe was also made the trustee of the DLR Trust. The DLR Trust currently holds title to a
10 condominium located in Honolulu, Hawaii.
11

12 3. The IRS concluded that both the JGR Trust and the DLR Trust were the
13 nominees, alter egos or fraudulent transferees of Mr. Reeder and that the assets held in those
14 trusts were subject to the United States' tax liens against Mr. Reeder. Following the filing of
15 nominee notices of federal tax liens by the IRS, on January 26, 2015, Ms. O'Keefe, as trustee for
16 the JGR Trust commenced the base case in this consolidated proceeding to quiet title under 28
17 U.S.C. § 2410 [ECF No. 1].
18

19 4. At the close of discovery in the quiet title action, Mr. Reeder expressed his
20 intention to challenge the amount of his underlying tax liability in a tax refund suit. Mr. Reeder
21 contends that the subject tax assessments were based on mere conjecture and were void from the
22 start. The United States contends that the tax assessments made against Mr. Reeder are entirely
23 proper and that he should be estopped from denying the amount of the liability.
24

25 5. On February 14, 2017, Mr. Reeder commenced a refund suit with respect to the
26 subject excise taxes: *Reeder v. United States*, Case No. 17-cv-00099 (USDC Nevada). Both
27
28

1 parties agreed that these actions should be consolidated. On February 22, 2017, the Court
2 ordered that the Reeder refund suit be consolidated with the JGR Trust quiet title action. The
3 JGR Trust quiet title action was designated as the base case [ECF 38].

4
5 6. On May 5, 2017, the United States filed its Answer and Counterclaimed against
6 Mr. Reeder to reduce to judgment the federal wagering excise taxes for all periods assessed
7 against him. The United States also filed Counterclaims against both the JGR Trust and DLR
8 Trust seeking an adjudication that they are the nominees, alter egos, and/or fraudulent transferees
9 of Mr. Reeder [ECF No. 42].

10 7. On May 1, 2018, following the conclusion of pretrial discovery, the United States
11 filed a Motion for Summary Judgment against Plaintiff and Counter Defendant Michael F.
12 Reeder [ECF No. 65]. On April 23, 2018, the Court had granted the United States' Motion for
13 leave to file an enlarged memorandum of points and authorities of 45 pages [ECF No. 64].

14 8. Shortly prior to the United States filing its Motion for Summary Judgment, the
15 parties began settlement discussions in earnest. On May 4, 2018, the parties filed a stipulation to
16 extend the briefing schedule for the Summary Judgment Motion [ECF No. 70]. On May 7, 2018,
17 the Court granted the First Extension of the briefing schedule on the Motion for Summary
18 Judgment [ECF No. 71].

19 9. On June 6, 2108, the parties submitted a second stipulation extending the briefing
20 schedule on the Motion for Summary Judgment [ECF No. 72]. On June 6, 2018, the Court
21 granted the Second Extension of the briefing schedule on the Motion for Summary Judgment
22 [ECF No. 73].

23 10. On August 2, 2018, Mr. Reeder, the JGR Trust and DLR Trust submitted a formal
24 confidential written offer to globally settle this consolidated action. That written offer is
25 currently under consideration by the United States.

26 11. On September 19, 2108, the parties submitted a third stipulation extending the
27 briefing schedule on the Motion for Summary Judgment [ECF No. 74]. In the third stipulation,
28 the parties requested a 4 month extension. On September 20, 2018, the Court denied the Third

1 Extension without prejudice. In a Minute Order, the Court indicated that the multiple requests
2 for extension of time might affect the Court's ability to resolve the pending motion by the next
3 Civil Justice Reform Act reporting period in March 2019. The Court stated that it would
4 entertain a shorter extension of time, or that the parties could negotiate withdrawal of the
5 pending motion for summary judgment [ECF No. 65] to be refiled if the settlement was not
6 approved [ECF No. 75].

7 12. In light of the Court's Minute Order, on September 20, 2018, the parties
8 submitted an amended stipulation for extension of the briefing schedule on the Motion for
9 Summary Judgment [ECF No. 76]. In this amended stipulation, the parties sought only a 2 month
10 extension of the briefing schedule with the Opposition to be filed by November 22, 2018 and the
11 Reply due by December 24, 2018. On September 24, 2018, the Court granted this Amended
12 Extension of the briefing schedule on the Motion for Summary Judgment [ECF No. 77].

13 13. Insomuch as it now appears highly unlikely that the United States will have acted
14 on the pending settlement offer before the Opposition must be prepared and filed by Mr. Reeder,
15 the parties stipulate and agree that this action be stayed until February 15, 2019. The United
16 States agrees to withdraw its pending Motion for Summary Judgment without prejudice to its
17 refiling [ECF No. 65].

18 14. If a settlement offer is not accepted by February 15, 2019, the United States will
19 refile the same enlarged 45-page Motion for Summary Judgment against Mr. Reeder on February
20 15, 2019. Mr. Reeder shall have until March 18, 2019 to file his Opposition to the Motion for
21 Summary Judgment, and the United States shall have until April 15, 2019 to file its Reply Brief.

22 15. The parties believe that good cause exists for the granting of this motion to stay.
23 Due to the large amount of the concession being sought by Mr. Reeder, this settlement requires
24 several layers of review by the United States. Because this case has been classified by the
25 Internal Revenue Service ("IRS") as "Standard," the views of IRS Office of Chief Counsel had
26 to be obtained prior to the offer being considered by the Department of Justice. The proposed
27 settlement of this matter must also be approved by several different sections within the
28 Department of Justice.

1 16. In addition, because the offer is partially based upon collectability, Mr. Reeder
2 has submitted detailed financial statements which are still being evaluated by the government.
3 Mr. Reeder continues to provide updated financial information as requested. Accordingly, both
4 sides would prefer not to expend the resources to currently continue the briefing schedule for the
5 United States' Summary Judgment Motion while the global settlement offer is under
6 consideration.

7 DATED: October 22, 2018

/s/Henry C. Darmstadter
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17 DATED: October 22, 2018

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IT IS SO ORDERED:

24 
25 _____
26 UNITED STATES DISTRICT COURT
27 JUDGE
28

DATED: October 23, 2018

CERTIFICATE OF SERVICE

I hereby certify that on this 22th day October 2018, I electronically filed the foregoing **JOINT MOTION TO STAY ACTION PENDING EVALUATION OF GLOBAL SETTLEMENT OFFER BY UNITED STATES** with the Clerk of Court using the CM/ECF system, which will send notification of such filing to the following:

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